

CALGARY DOWNTOWN ASSOCIATION
FINANCIAL STATEMENTS
DECEMBER 31, 2023

CALGARY DOWNTOWN ASSOCIATION
DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Members and the Board of Management for the Calgary Downtown Association:

Opinion

We have audited the financial statements of Calgary Downtown Association ("CDA"), which comprise the statement of financial position as at December 31, 2023 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CDA as at December 31, 2023 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations. Prior year comparative figures were audited by another firm of Chartered Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CDA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing CDA's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the CDA or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing CDA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

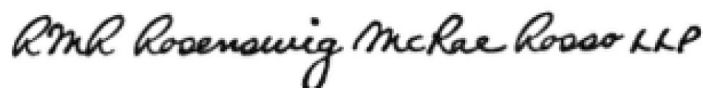
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CDA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CDA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CDA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada
June 3, 2024



Chartered Professional Accountants
Licensed Public Accountants

CALGARY DOWNTOWN ASSOCIATION**STATEMENT OF FINANCIAL POSITION****DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 584,717	\$ 1,794,787
Accounts receivable	137,003	108,985
GST receivable	84,319	16,133
Prepaid expenses	<u>18,409</u>	<u>58,644</u>
	824,448	1,978,549
Property and equipment (Note 4)	599,034	886,268
Website (Note 5)	29,700	49,500
Art and sculptures (Note 6)	<u>326,547</u>	<u>326,547</u>
	<u>\$ 1,779,729</u>	<u>\$ 3,240,864</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 246,669	\$ 91,203
Deferred revenues (Note 7)	<u>415,000</u>	<u>1,523,915</u>
	<u>661,669</u>	<u>1,615,118</u>
NET ASSETS		
Internally restricted (Note 8)	250,000	250,000
Unrestricted	<u>868,060</u>	<u>1,375,746</u>
	<u>1,118,060</u>	<u>1,625,746</u>
	<u>\$ 1,779,729</u>	<u>\$ 3,240,864</u>

Approved on behalf of the Board of Management:



, Chair

John Tyler
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Tyler Varga
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, Director

CALGARY DOWNTOWN ASSOCIATION**STATEMENT OF OPERATIONS****YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>
Revenues		
Business improvement area levy	\$ 1,600,000	\$ 1,520,000
Government grants	1,275,080	343,892
9 block ambassador program	685,432	528,205
Maintenance fees	218,847	235,213
Patio fees	128,426	14,552
Permits	37,562	29,411
SASH	29,401	22,370
Miscellaneous	26,147	9,657
Parking reimbursement revenue fund	25,219	374,834
Interest	11,536	1,797
Special purpose sponsorship	-	5,000
DPM hoarding/construction revenue	-	29,603
	<u>4,037,650</u>	<u>3,114,534</u>
Expenses		
Administrative	1,314,075	1,246,604
Improvements	981,898	50,478
9 block ambassador program	591,946	562,060
Special projects	462,028	252,183
Maintenance	320,920	195,687
Marketing and communications	289,458	249,399
Sponsorship and events	248,342	103,845
SASH	29,635	32,663
Public safety	-	37,900
Beltline urban mural project	-	180,800
Amortization	307,034	308,668
	<u>4,545,336</u>	<u>3,220,287</u>
Deficiency of revenues over expenses	<u>\$ (507,686)</u>	<u>(105,753)</u>

CALGARY DOWNTOWN ASSOCIATION**STATEMENT OF CHANGES IN NET ASSETS****DECEMBER 31, 2023**

	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>2023</u>	<u>2022</u>
Net assets, beginning of year	\$ 1,375,746	\$ 250,000	\$ 1,625,746	\$ 1,731,499
Deficiency of revenues over expenses	<u>(507,686)</u>	<u>-</u>	<u>(507,686)</u>	<u>(105,753)</u>
Net assets, end of year	<u>\$ 868,060</u>	<u>\$ 250,000</u>	<u>\$ 1,118,060</u>	<u>\$ 1,625,746</u>

CALGARY DOWNTOWN ASSOCIATION

STATEMENT OF CASH FLOWS

DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Cash from operating activities		
Deficiency of revenues over expenses	\$ (507,686)	\$ (105,753)
Adjustments for:		
Amortization	<u>307,034</u>	<u>308,668</u>
	(200,652)	202,915
Changes in non-cash working capital:		
Accounts receivable	(28,018)	268,737
GST receivable	(68,186)	22,793
Prepaid expenses	40,235	8,035
Accounts payable and accrued liabilities	155,466	(651,520)
Deferred revenues	<u>(1,108,915)</u>	<u>1,475,130</u>
	<u>(1,210,070)</u>	<u>1,326,090</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(1,390)
Purchase of art and sculptures	<u>-</u>	<u>(272,559)</u>
	<u>-</u>	<u>(273,949)</u>
(Decrease) increase in cash	(1,210,070)	1,052,141
Cash, beginning of year	<u>1,794,787</u>	<u>742,646</u>
Cash, end of year	<u>\$ 584,717</u>	<u>\$ 1,794,787</u>

CALGARY DOWNTOWN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

1. Nature of operations

The Calgary Downtown Association (A Business Improvement Area) ("CDA") was designated as a business improvement area through By-Law enacted on November 2, 1988. CDA is a not-for-profit organization responsible for the improvements, beautification, maintenance and promotion of downtown Calgary, representing over 2,500 members. CDA is exempt from income tax under Section 149(l) of the Income Tax Act.

2. Significant accounting policies

The financial statements of CDA are prepared by management in accordance with Part III of the CPA Canada Handbook, referred to as Canadian accounting standards for not-for-profit organizations ("ASNPO"). These financial statements have been prepared by management and the significant accounting policies are summarized as follows:

a) Basis of presentation

The financial statements have been prepared on a non-consolidated basis.

b) Accrual basis of accounting

Expenditures are recorded on the accrual basis, whereby they are reflected in the financial statements in the period in which they have been incurred, whether or not such transaction have been settled by payment of money.

c) Revenue recognition

CDA follows the deferral method of accounting for revenues:

i) Restricted revenues are recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenues are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured.

ii) Business improvement area levy - revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

iii) Government grants, maintenance fees, sponsorships, construction and 9 Block ambassador program - revenue is recognized when the related expenses are incurred.

iv) All other revenue is recognized when earned.

CALGARY DOWNTOWN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Significant accounting policies (continued)

d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and savings accounts.

e) Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that CDA may undertake in the future. Significant estimates include the useful life of property and equipment, art and sculptures and intangible assets as well as accrued liabilities. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

f) Property, equipment, art, sculptures and website

Property, equipment, art, sculptures and website are recorded at cost less accumulated amortization. Amortization is calculated at a rate that, in the opinion of management, allocates the cost of such assets over their estimated useful lives. CDA records amortization using the following annual rates and methods:

Art and sculptures	-	Indefinite life
Furniture and equipment	-	5 year straight-line
Computer equipment	-	5 year straight-line
Website	-	5 year straight-line

In the year of acquisition, assets are amortized at 50% of applicable annual charge.

CDA tests these assets for impairment whenever events or changes in circumstances indicate the carrying value may no longer be recoverable. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds the fair value of replacement cost. Management believes that no events or circumstances have indicated an impairment in assets.

e) Financial instruments

CDA accounts for financial instruments at fair value on initial recognition and are subsequently accounted for at cost or amortized cost.

CALGARY DOWNTOWN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

3. Cash and cash equivalents

\$415,000 (2022 - \$1,523,915) of cash and cash equivalents are restricted as described in Note 7.

4. Property and equipment

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	\$ 1,633	\$ 1,633	\$ -	\$ -
Furniture and equipment	2,022,871	1,429,108	593,763	877,093
Computer equipment	<u>86,552</u>	<u>81,281</u>	<u>5,271</u>	<u>9,175</u>
	<u>\$2,111,056</u>	<u>\$1,512,022</u>	<u>\$ 599,034</u>	<u>\$ 886,268</u>

Included in amortization expense is \$287,234 (2022 - \$288,868) related to property and equipment.

5. Website

	2023			2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Website	<u>\$ 99,000</u>	<u>\$ 69,300</u>	<u>\$ 29,700</u>	<u>\$ 49,500</u>

CDA classifies the website as an intangible asset. Included in amortization expense is \$19,800 (2022 - \$19,800) related to the website.

6. Art and sculptures

	2023	2022
	Net Book Value	Net Book Value
Novus Textura	\$ 272,559	\$ 272,559
Other art and sculptures	<u>53,988</u>	<u>53,988</u>
	<u>\$ 326,547</u>	<u>\$ 326,547</u>

CALGARY DOWNTOWN ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2023**

7. Deferred revenues

Deferred revenues consist of:

	<u>Opening</u>	<u>Additions</u>	<u>Recognized as Revenue</u>	<u>Closing</u>
Provincial grant	1,000,000	-	(885,000)	115,000
Municipal grant	<u>523,915</u>	<u>-</u>	<u>(223,915)</u>	<u>300,000</u>
	<u>\$ 1,523,915</u>	<u>\$ -</u>	<u>\$ (1,108,915)</u>	<u>\$ 415,000</u>

The provincial grant relates to a contribution agreement between CDA and the Government of Alberta for a project to be completed in 2024.

The municipal grant relates to a contribution from the City of Calgary for a project to be completed in 2024.

8. Internally restricted net assets

CDA has an internally restricted reserve fund of \$250,000 (2022 - \$250,000) to be used only in the event of unforeseen circumstances impacting the ability of CDA to continue operations.

9. Contractual commitments

CDA has contractual commitments to minimum annual operating payments for their office premises, equipment and other contractual obligations as follows:

2024	\$ 133,700
2025	136,700
2026	<u>11,413</u>
	<u>\$ 281,813</u>

CALGARY DOWNTOWN ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

10. Financial instruments risks

a) Fair value

The financial instruments recognized in the statement of financial position consist of cash and cash equivalents, accounts receivable, GST receivable, prepaid expenses, accounts payable and accrued liabilities and deferred revenues. The fair values of these financial instruments approximate their carrying amounts due to the short-term maturity of these instruments. Long-term investments are recorded at cost.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CDA is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that CDA will encounter difficulties in meeting obligations associated with financial liabilities. CDA manages its liquidity risk by maintaining sufficient readily available funds in order to meet its liquidity requirements at any point in time.

CDA is not exposed to any other significant risks. There has been no change in risk from the prior year.